

Q4 2013



City of Brawley Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

Brawley In Brief

Receipts for Brawley's October through December sales were 11.8% higher than the same quarter one year ago. Actual sales activity was up 1.3% when reporting aberrations were factored out.

The gain in service stations was partially offset by lower returns in other fuel-related services. Multi-quarter adjustments accounted for the spike in the business and industry group. Onetime use tax and a recent opening contributed to the increase.

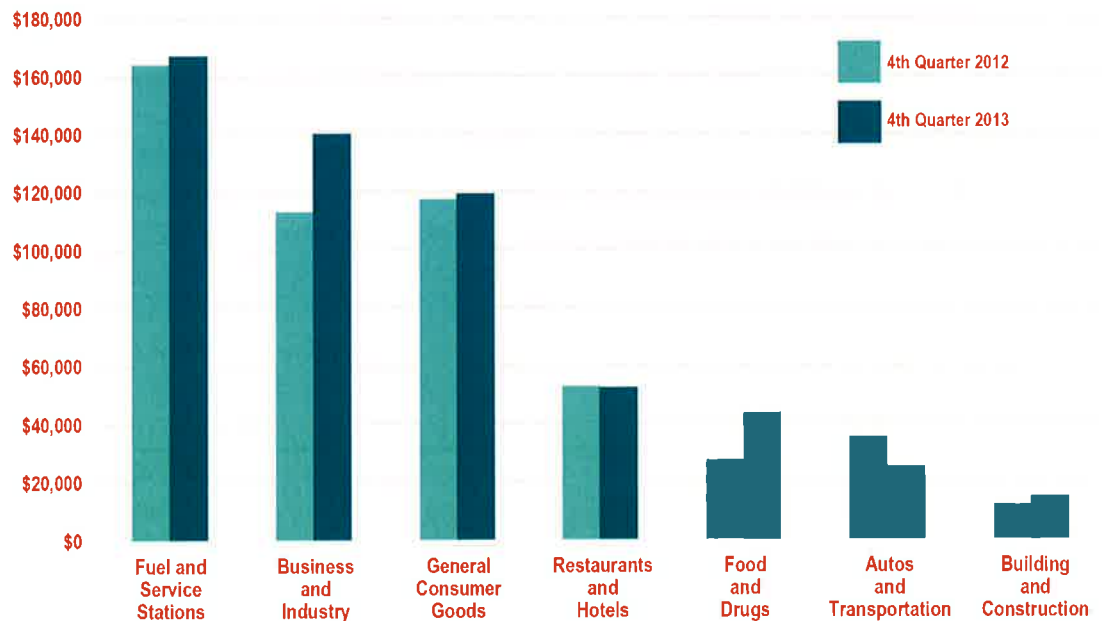
A new store added to positive holiday sales in general consumer goods. However, a store closeout and lower sales in home furnishings dampened these results. Retroactive adjustments bumped up revenues in food and drugs.

A year ago double payment exaggerated the decrease in auto related sectors.

An increase in the countywide use tax allocation pool due to a year-ago adjustment contributed to higher gross receipts.

Adjusted for aberrations, taxable sales for all of Imperial County increased 2.9% over the comparable time period, while the Southern California region as a whole was up 2.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Lidco Imperial Valley
7 Eleven	McDonalds
Arco AM PM	McNeece Bros Oil
Auto Zone	Pioneers Memorial Hospital
Brawley Exxon	RDO Water
Elms Equipment Rental	Rite Aid
Fillco	Shell Station Market
Hughes Water & Sewer	USA Gasoline
Imperial Hardware	Vons
J & A Gasoline & Liquor	Walmart
Jack in the Box	Water Tech
Johnnys Burritos	Weatherford Tubular Services
Jordan Implement	

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$1,407,453	\$1,481,507
County Pool	206,477	203,116
State Pool	641	892
Gross Receipts	\$1,614,571	\$1,685,516
Less Triple Flip*	\$(403,643)	\$(421,379)

*Reimbursed from county compensation fund

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Statewide Results

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

E-Commerce Spending Up

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

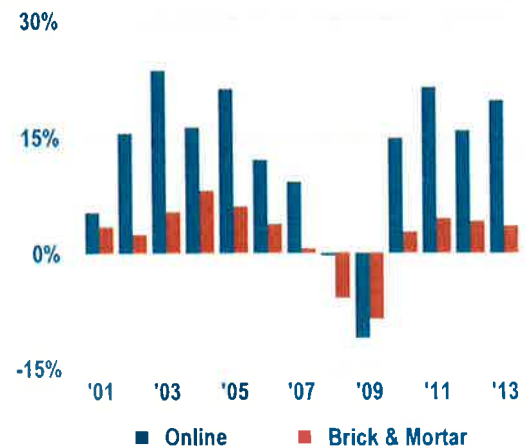
of online ordering by consolidating sales offices and inventories into just a few locations.

However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

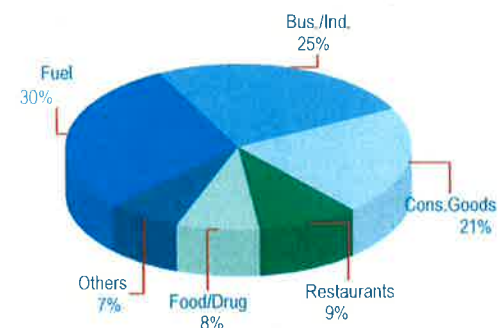
ONLINE VS. BRICK & MORTAR

Year-Over-Year Percent Growth



REVENUE BY BUSINESS GROUP

Brawley This Quarter



BRAWLEY TOP 15 BUSINESS TYPES

Business Type	Brawley		County	HdL State
	Q4 '13	Change	Change	Change
Auto Repair Shops	6,930	-4.5%	6.0%	8.3%
Automotive Supply Stores	16,903	-34.8%	-8.1%	3.2%
Casual Dining	9,646	35.9%	20.9%	6.4%
Discount Dept Stores	— CONFIDENTIAL —		1.2%	0.2%
Grocery Stores Beer/Wine	16,908	na	-3.8%	2.4%
Grocery Stores Liquor	— CONFIDENTIAL —		79.6%	38.8%
Hardware Stores	— CONFIDENTIAL —		42.6%	0.7%
Heavy Industrial	18,806	73.0%	24.5%	12.0%
Medical/Biotech	14,413	na	-7.0%	24.1%
Petroleum Prod/Equipment	— CONFIDENTIAL —		-2.1%	-3.1%
Quick-Service Restaurants	42,020	-7.0%	3.0%	7.8%
Repair Shop/Equip. Rentals	7,629	-8.0%	-33.1%	14.1%
Service Stations	96,999	8.9%	6.2%	-2.8%
Variety Stores	— CONFIDENTIAL —		19.9%	8.3%
Warehse/Farm/Const. Equip.	81,613	-2.8%	-1.1%	14.3%
Total All Accounts	\$561,723	7.8%	4.2%	8.7%
County & State Pool Allocation	\$62,416	69.5%	60.5%	9.4%
Gross Receipts	\$624,139	11.8%	8.0%	8.8%